1991 FORECAST: Overhead Drain, Equipment Gain p. 26

A CAHNERS PUBLICATION

JANUARY 1991

SECURITY T.M.

THE MAGAZINE FOR SECURITY DECISION MAKERS

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Parking Lots of Protection p. 35

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Equipment Focus: Stand-Alone Keypad Systems p. 42

Bill Besse
Protective Services Director
Mary Kay Cosmetics Inc.

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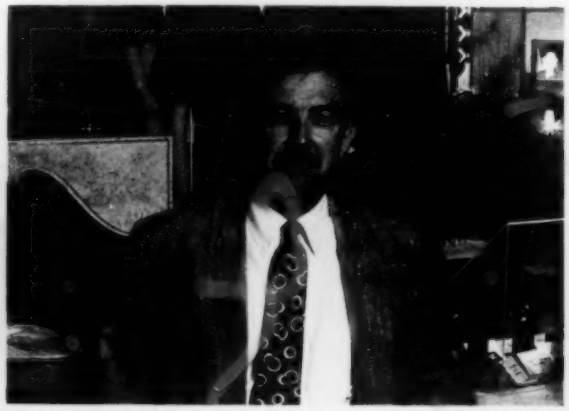
Teamwork and planning create success at Mary Kay Cosmetics, where protective services secures corporate and manufacturing facilities — and secures an annual sales seminar for 25,000.



Special event security requires planning and thoughtful execution at Mary Kay Cosmetics. (p. 22)

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The nation's economy is on everyone's mind. The indication is for cuts in overhead and increases in automation and outside services.

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Basic and added protection for parking lots and garages.

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Bill Bessee, protective services director, Mary Kay Cosmetics Inc., Dallas, oversees day-to-day facility security and special event security. (p. 22)

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SECURITY INDICATORS

Trends and forecasts for determining loss prevention needs.

INCIDENT REPORTING

Security Endorses Campus Incident Reporting; Divided on Same for Business

Campus crime victims' families saw a goal realized when President Bush signed into law the "Student Right to Know and Campus Security Act." This legislation requires federally-funded colleges and universities to publish and publicize campus crime statistics, security policies and student athlete graduation rates.

Federally-funded higher-learning institutions must annually prepare, publish and distribute this information beginning September 1992. Jan Sherrill, director of the Campus Voilence Prevention Center at Towson State University, Towson, Md., says the law will boost security's profile, straining budgets in the process.

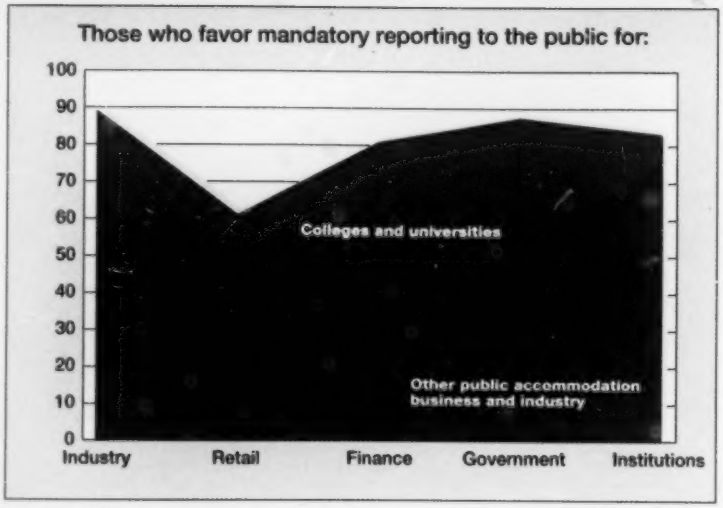
"Security will grow to understand the impact of this consumer movement as it becomes a larger part of a safety-conscious campus," Sherrill says.

Prior to the law, less than 8 percent of federally-funded higher learning institutions voluntarily reported crime statistics to Uniform Crime Reports, Sherrill tells SECURITY.

"Students and parents shouldn't choose a school based on statistics," he says. "Increased awareness and interaction between security and students, however, is the first step toward crime prevention."

Mandatory security incident and procedure reporting is more necessary for schools than for business, say SECURITY's Fourth Quarterly Telephone Survey respondents. An average 83 percent support this regulation for campuses; just 56 percent advocate extending the law to businesses and industries involved in public accommodation.

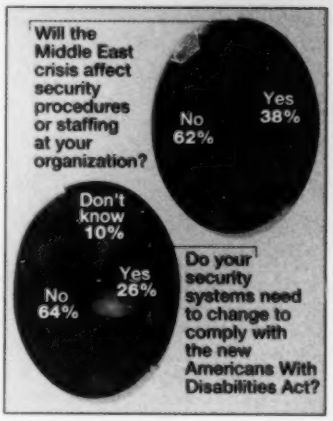
SECURITY ADDRESSES MANDATORY INCIDENT REPORTING



Source: SECURITY

Security overwhelmingly supports mandatory incident reporting for campuses. . Approval wanes, however, when the concept is extended to business.

SECURITY ADAPTS TO POLITICAL CHANGE


Will the Middle East crisis affect security procedures or staffing at your organization?
Yes 38%
No 62%
Don't know 10%
Yes 26%
No 64%
Do your security systems need to change to comply with the new Americans With Disabilities Act?

Source: SECURITY

Security prepares for change amid the Middle East crisis and new laws.

POLITICAL IMPACT

Security Impact: Middle East, Disability Legislation

They haven't been affected yet, but more than one-third of SECURITY's Fourth Quarterly Telephone Survey respondents expect the Middle East crisis to impact security procedures or staffing at their organizations.

Security decision makers who work for the government expect the situation in the Middle East to affect security operations most — more than half share this concern.

Respondents anticipate additional change as organizations comply with the newly-enacted Americans With Disabilities Act. The law requires all businesses to install ramps, elevators and other devices to accommodate disabled workers and customers. Companies with 15 or more employees are subject to the law's job discrimination provisions, which include redefining essential elements of job descriptions.

Just over a quarter of respondents expect to change security systems to comply with the new law.

TRAINING

Guard Companies Specify Officer Training Needs

Guard and patrol companies are looking for new training materials to arm officers with increased security-related knowledge, says a study conducted by the National Association of Private Security Industries Inc. (NAPSI), Dallas.

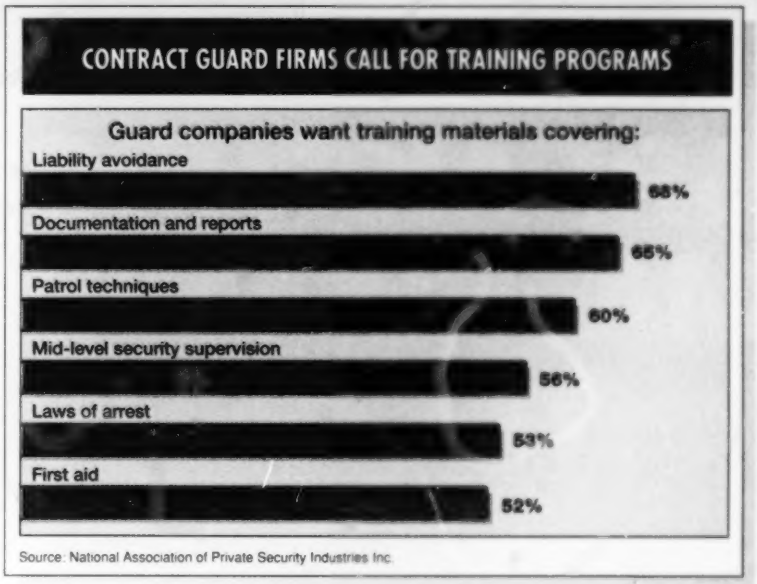
The NAPSI study finds that 61 percent of guard companies conduct continuing education courses. Guard companies identify liability-related issues as top-priority training topics. Among respondents, 68 percent require additional training materials on liability avoidance. Another 65 percent want officers to learn more about documentation and reports. In keeping with the push to avoid lawsuits, 53 percent want to see additional training materials covering laws of arrest.

A healthy 65 percent support the concept of a standard contract for all guard companies.

Richard Haywood, NAPSI executive director, says a standardized security contract may help alleviate some of the variables which lead to liability concerns.

"Almost all security directors say liability is a primary interest," says Haywood. "A standardized contract would indicate what every contract officer is — or isn't — responsible for."

The NAPSI study also covers training methods and equipment use among contract officers. Forty-seven percent of instructors use video or audiovisual aids during presentations. Less than half of responding companies — 44 percent — employ armed guards. When it comes to equipment, contract guards most commonly use flashlights and two-way radios to get the job done. Less than half use defense batons.



Guard companies are eager to see additional training materials in these areas. The companies especially want information about how to avoid liability exposure.

PURCHASING

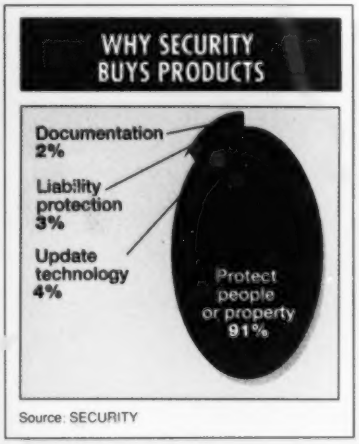
Protection: No. 1 Priority

Security is interested in more than "keeping up with the Joneses' " when it plans equipment purchases.

So says SECURITY's Fourth Quarterly Telephone Survey, which finds that decision makers primarily buy equipment to better protect people and property. Updating current technology is a lower priority when security specifies new purchases.

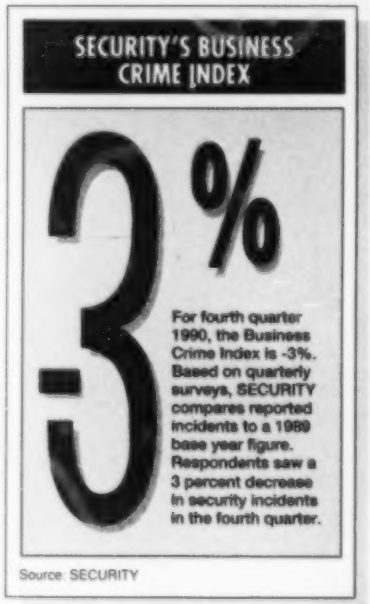
An overwhelming 91 percent of respondents say the main reason they buy new products is to protect people or property. Just 4 percent say the main reason they buy products is to update current technology. Among all segments, financial respondents are the most likely to buy new products to protect their organizations against liability, at 10 percent. Ten percent of retail respondents — the highest percentage among segments — chiefly buy products to improve documentation.

Security most often shares decision making for equipment purchases with facilities management, the purchasing department or the vice president of finance. Nearly one-third of respondents — 32 percent — decide on purchases alone. Security most likely consults with facilities management for help with purchasing decisions; 36 percent work with this department. Among all segments, retail and finance respondents are most likely to decide on purchases without consulting with other departments.



Security primarily buys new products to protect people or property.

BUSINESS CRIME INDEX


SECURITY'S BUSINESS CRIME INDEX
-3%
For fourth quarter 1990, the Business Crime Index is -3%. Based on quarterly surveys, SECURITY compares reported incidents to a 1989 base year figure. Respondents saw a 3 percent decrease in security incidents in the fourth quarter.
Source: SECURITY

Fourth Quarter 1990 showed a 3 percent decrease in security incidents.

TOUGH TIMES; HARD CHOICES

SECURITY's annual corporate forecast flags complex, emerging challenges. As budgets soften, the pressure is on to do more with less.

By Bill Zalud
Editor

As America hunkers down to an economic downturn, security decision makers face some tough times.

Not affecting everyone, the squeeze has softened budgets and pressured overhead. Yet it's not holding back spending for products and services, especially CCTV, contract officers, access controls and investigative and testing services, according to SECURITY's annual nationwide forecast.

The forecast, a detailed survey mailed to 1,000 executives with security responsibility, views 1990-1991 security budgeting, spending, staffing and management attitudes.

Economic Reality Intrudes

The overriding theme this year is security's reaction to the nation's sluggish economy.

Retail, financial and health care security, for instance, have felt recession's sting. Others are just starting to taste the slowdown while some are untouched or thriving. Yet most face tough times and hard choices:

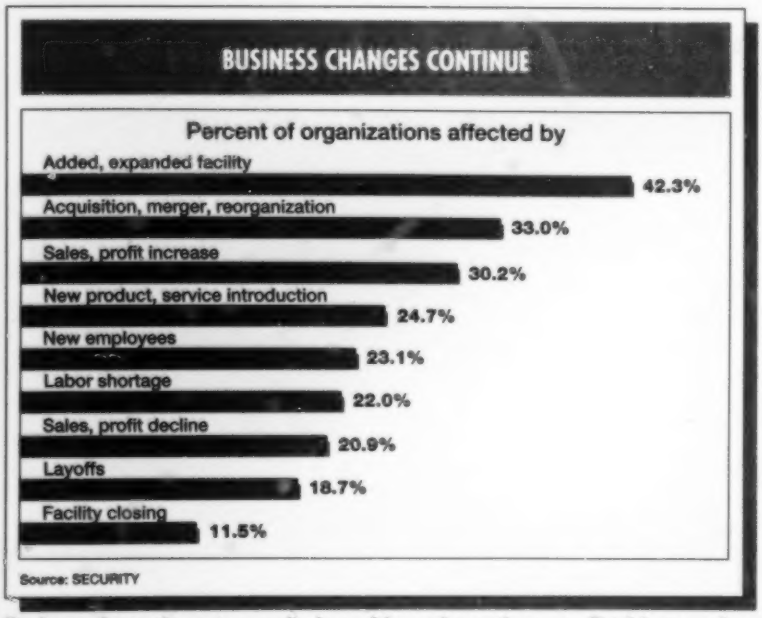
- protecting hard-won territory vs. launching new ventures;
- depending upon officers vs. embracing automated systems more;
- using educational programs vs. staying with a law enforcement orientation;
- maintaining control by doing it yourself vs. seeking help outside.

Employee Theft Tops

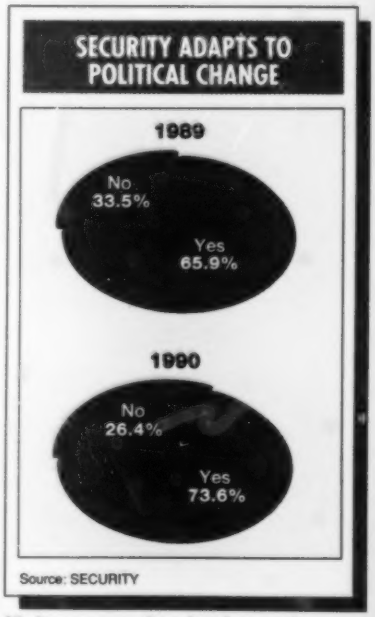
The hard choices, in some ways, start with prioritizing threats.

For example, employee theft, substance abuse and property crime are — in order — security's biggest concerns, according to the study.

Liability, from costly insurance to lawsuits, is also a top worry; violent



Business change impacts security in positive and negative ways. Total is more than 100 percent due to multiple answers.



If changes speed up but impact less, security could be getting more flexible.

crime, white collar crime, breaches of ethics and computer crime follow.

The good news: Compared with last year, substance abuse has dropped as the biggest worry, though large firms still place it at the top of the list. The bad news: There are significant gains in concern over liability and workplace violence.

SECURITY'S forecast also viewed threats by comparing them over a 10 year period.

When comparing threats from 1980 to 1990, security says property crime has increased most, followed by workplace violence and white collar crime. Not everyone agrees. Financial security, not surprisingly, sees white collar crime increasing most.

When viewing threats by type of business, employee theft is of greatest concern to retail/wholesale and industrial/manufacturing types of businesses. The greatest concern to financial security decision makers is white collar crime. Violent crime, lower down in the list, is a greater concern to retail/wholesale, health care and financial security decision makers than to other types of organizations.

Business-Related Developments

Beyond security concerns, decision makers face a changing environment. Changes in 1990 were often positive: adding a facility, increasing sales or introducing a new product or service. The second most often occurring change, an acquisition, merger or reorganization, could be positive or negative.

On the negative side, closing of a facility was cited more by retail, industrial and financial security.

Overall reaction also has been mostly positive: expanding existing programs, installing new equipment, upgrading current equipment and adding staff. Yet some report stretched resources, adding fewer people, putting off maintenance or cutting back.

TOP SIX SECURITY CONCERNS

1	Employee theft
2	Substance abuse
3	Property crime
4	Liability insurance
5	Violent crime
6	White collar crime

Source: SECURITY

Employee theft has reasserted its dominance as the top threat.

TOP SEVEN PURCHASES

1990 Ranking		1989 Ranking
1	Locking hardware	1
2	CCTV	3
3	Access controls	2
4	Radio communication	7
5	Security lighting	4
6	Indoor intrusion	5
7	Fire protection	6

Source: SECURITY

CCTV and radio communication purchases show a gain over the last year.

TOP SEVEN CONTRACT PURCHASES

1990 Ranking		1989 Ranking
1	Alarm install, repair	1
2	Alarm monitoring	3
3	Contract officers	2
4	Substance abuse testing	5
5	Background investigations	6
6	Investigations	10
7	Armored courier	4

Source: SECURITY

Pre-employment testing and outside investigative help show the greatest gain from last year.

SIX HOT 1991 BUYS

In emerging technologies

1	Electronic officer tour systems
2	Quads
3	Color CCTV
4	Proximity
5	Cellular telephones
6	Wireless alarms

Source: SECURITY

Productivity boosters and products offering better identification and convenience are attractive.

Equipment Purchase History

Yet analysis of SECURITY's forecast indicates slowed spending last year most likely will not repeat this year. Instead, security decision makers say they plan to step up purchases, even when facing stagnant budget growth.

In 1990, security most often purchased locking hardware, CCTV and access controls, followed by radio communications, security lighting, indoor intrusion and fire protection equipment.

The biggest contracted expenses last year were alarm installation and repair, alarm monitoring and contract security officers. One in four bought services for background investigation, substance abuse testing, outside officers and employee screening.

Safety and fire protection are security's responsibility, say a majority of decision makers.

There are differences in equipment priorities when viewed by type of business. For example, institutional security decision makers, more than others, have purchased integrated systems. Industrial, manufacturing decision makers, more than others, purchased substance abuse testing and background investigations.

Planning Purchases

When asked to name the biggest planned purchase this year, security chose access controls, contract officers and CCTV. Locking hardware dropped out of the top 10, replaced by outdoor perimeter protection, indoor intrusion, radio communications and employee screening.

Industrial/manufacturing and health care security decision makers plan to invest more heavily in access controls while retail and health care plan to invest more heavily in CCTV equipment.

Contract officers leap-frogged alarm installation and alarm monitoring as the most popular service category. Background investigations, substance abuse testing and investigations also show steady growth.

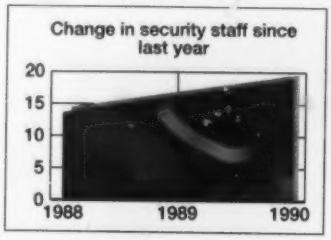
Emerging Technologies

Among emerging technologies that caught the security eye last year, cellular telephone and substance abuse testing were most popular. Dual technology sensors, wireless alarms, electronic tour systems, quads and remote-monitored access control followed.

There was also some movement to color CCTV, proximity, matrix switching and video motion detection.

This year, CCTV is in the spotlight with quads, color, matrix switching and fiber optics. Leading the pack, however, is electronic officer tour systems. Proximity also is strong.

STAFF DECREASE CONTINUES



Source: SECURITY

The percent of security departments decreasing staff continues its consistent trend upward.

PREDICTING STAFF CHANGE NEXT YEAR

Change	1991	1990
Increase	22.5%	27.6%
Decrease	8.8%	6.2%
Stay the same	67.0%	66.2%

Source: SECURITY

Security decision makers face a squeeze on personnel and overhead. Will they trade-off to more technology?

Budgets for 1991

While products beckon, there's heightened worry over budgets. When asked in early fall 1990 to project 1991 budgets, most were still unsure — only about 30 percent reported budget increases. There was pessimism: about 23 percent of health care and 19 percent of financial security departments expect a budget decrease, for example.

For those who projected a budget increase, the mean increase is 12 percent — about the same as last year. For those projecting a decrease, the mean decrease is 23 percent.

Budget distribution over types of expenses remains constant. For every dollar of budget, about 36 cents goes to personnel and overhead. Another 28 cents goes to contract services while 14 cents goes to new gear. Maintenance and repair gets 13 cents while 9 cents goes to upgrading equipment.

Personnel and overhead are most vulnerable to cuts. New equipment will rise at overhead's expense. Yet health

New Equipment Strategies

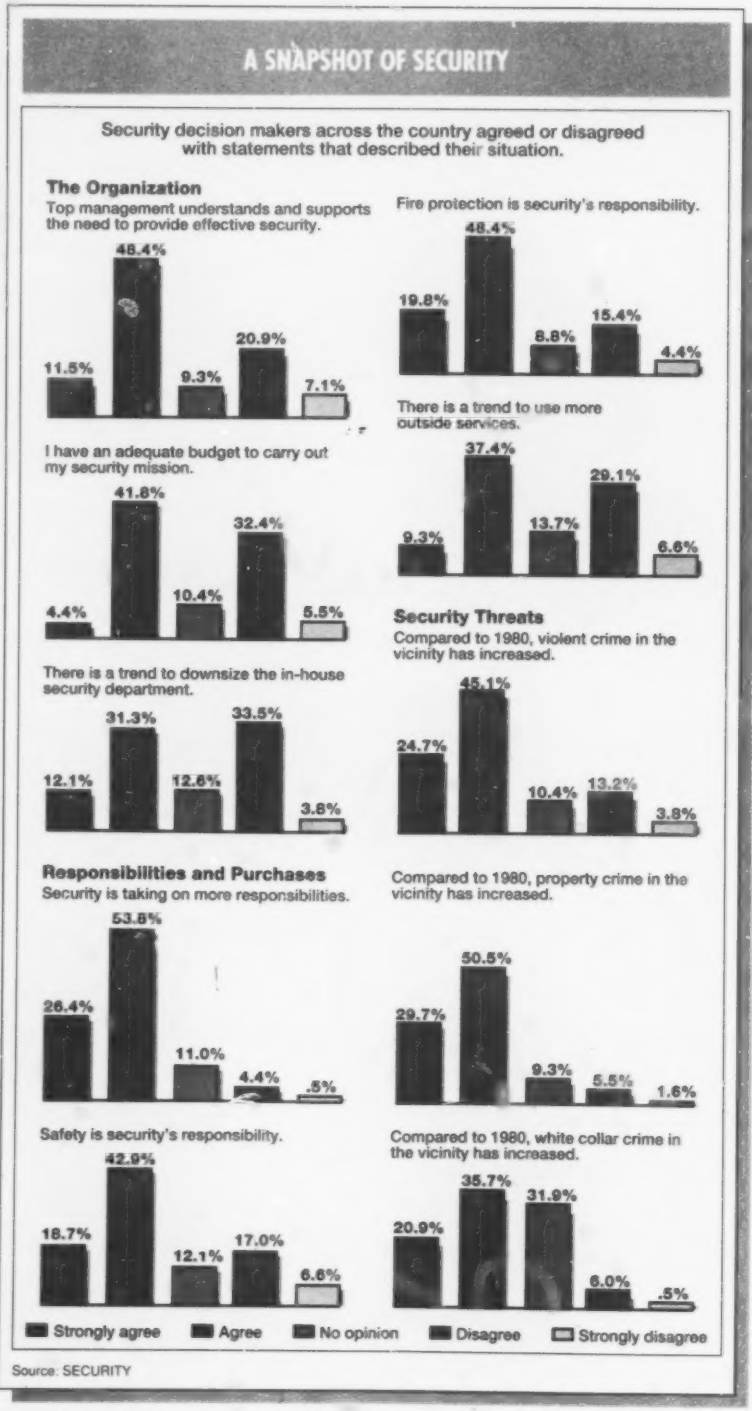
The transition from mechanical locks to electronic access control has accelerated. Digital-based computer chips and more extensive means of transmission, especially fiber optics, have invaded to transform CCTV.

Intrusion-sensing gear has moved outside, with more companies protecting the perimeter. Cellular and sophisticated two-way radio have improved voice communication among security staff.

These hot buttons in security equipment technology attract corporate buyers, according to SECURITY's annual forecast of budgeting, purchasing and staffing.

The forecast, opinions of a representative sample of security decision makers nationwide, discovered that companies cut costs and diversify security in a sluggish economy. As compared with overhead, equipment purchases seem better protected.

In addition to the bright lights, there are some stalled product categories. Biometrics appears stuck in higher security and computer applications and integrated systems are still waiting to be discovered. Integration's hang-up may be more to do with organizational territory than technological obstacles.



Source: SECURITY

Security opinions reflect the transitionary nature of the function.

care and institutions, overhead-heavy already, plan to increase personnel while industrial security plans to boost spending in contract services.

Budgets depend more upon money from outside security. About 56 percent of security decision makers use funds from the capital budget, facilities management, safety, new construction, parking and grounds, and other sources.

Training and Awareness

Whatever the funding, there's more emphasis on awareness and training, although not all departments embrace these programs. Industrial security, compared to others, ranks training and awareness lowest.

Most firms (three of four) mandate security awareness in new employee orientation. Almost half also work regularly with local law enforcement.

Security training gets about seven percent of the budget, comparing favorably with a two percent national average. Industrial security spends the least; health care spends the most. Decision makers report that most training is on-the-job and about half have some type of formal in-house training program. Four of 10 use films and videos.

Perceptions and Support

About 60 percent of decision makers believe top management understands and supports the need to provide effective security. Most also agree that the need to invest in security has increased. Yet about 38 percent feel they don't have adequate budget to carry out the security mission.

Downsizing and outsourcing are threatening and controversial concepts. While 43 percent see downsizing as a trend, 37 percent don't. Is there a trend to more outside services? About 47 percent agree, 36 percent disagree.

Both downsizing and outsourcing, in addition to economic factors, go to the heart of security's traditional territory.

There's no split decision, however, when asked if security is taking on more responsibility — more than 80 percent agree. Almost everyone sees business and administrative skills becoming more important in security, too.

Increased responsibility plays out in several ways. For example, more than 60 percent believe safety is security's responsibility, although industrial security is less sure. About 68 percent feel fire protection is security's duty. □